

# Public Document Pack



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## LEARNING, SKILLS AND ECONOMY SCRUTINY COMMITTEE Thursday, 13th December, 2018

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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### S U P P L E M E N T A R Y P A C K

1.	<b>FUNDING FORMULA REVIEW</b>
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To receive a briefing on the Schools Funding Formula Review.  
(Pages 3 - 16)

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**CYNGOR SIR POWYS COUNTY COUNCIL****CABINET EXECUTIVE****Date 15<sup>th</sup> January 2019**

**REPORT AUTHOR:** County Councillor Myfanwy Alexander  
Portfolio Holder for Education  
County Councillor Aled Davies  
Portfolio Holder for Finance

**SUBJECT:** Formula Review Post Consultation

**REPORT FOR:** Decision

**1. Summary**

1.1 In July 2018 the Cabinet approved the overall design of a revised funding formula for schools. The review had been initiated due to concerns about the level of deficit occurring in some schools and the need to ensure all schools are able to deliver a minimum curriculum. Officers from the Finance and Schools Service, together with school representatives from the Formula Review Group (FRG) have now completed this work and full consultation has been undertaken, which we are grateful for time taken by all. This report provides recommendations for a new formula for 2019/20 and further development work thereafter.

**2. Proposal / Outcomes sought**

2.1 The proposal is a funding formula for schools that achieves the outcomes listed below:

- Adequate funding for core educational provision, at the minimum level consistent with regulatory requirements, Powys policy and efficient delivery;
- Funding for premises related costs that fairly reflect the differences in size and condition of school buildings and minimum maintenance requirements;
- Funding distributed by use of proxy indicators to provide schools with capacity to meet the additional needs of children and young people in line with Powys policy on ALN and provision for vulnerable children;
- Fair and transparent means of funding aspects of education policy or specific circumstances that affect some schools but not all.

2.2 The detail of the proposed formula is provided at Appendix A (A1 Primary and A2 Secondary).

2.3 A phased implementation approach is proposed, to ease transition for individual schools and provide for ongoing alignment to local authority policy, regulatory changes and funding constraints. This implementation will need to be decided based on affordability of the Council and consulted with Schools Forum prior to roll out.

**3. Options Considered / Available**

3.1 Option 1: continue with the existing school funding formula methodology.

3.2 Option 2: implement the new school funding formula, as set out in Appendix A.

- 3.3 Option 3: modify the proposed funding formula to reflect changes to educational policy to ensure overall affordability.

#### **4. Preferred Choice and Reasons**

- 4.1 Option 1 does not provide a secure basis for reducing the level of deficit budgets in schools as it does not allow for transparency in the funding of an agreed minimum level of educational provision.
- 4.2 Option 2 is preferred by the formula review group, which is an educational minimum as required by the scope of the project. It has financial implications as it identifies the need for funding above the current planning level as well as variations at school level. Implementation arrangements would need to allow reasonable transition time to implement staffing changes and protect courses of study already commenced.
- 4.3 Given the substantial proportion of the Council's budget accounted for by school funding, the Cabinet will need to consider competing priorities as it sets a budget for the medium term. Recognising affordability concerns, the preferred choice is Option 3, with a commitment to maintaining the integrity of the formula through an ongoing alignment for educational policy and budget provision and annual review, acknowledging there are some implications on the educational delivery.

#### **5. Impact Assessment**

- 5.1 The formula proposed for ALN is consistent with the current methodology, and as such minimises the turbulence for schools in advance of the outcomes of the ALN review. However, an option exists to alter the boundary between formula funding for ALN and the top up for children with Statements.
- 5.2 In order to maintain an alignment between educational policy and the delegated funding for schools, future policy changes will need to address the resultant modification to the funding formula. In addition, a list of policy changes regarding spend to save options have been suggested at Appendix B.
- 5.3 The formula proposal will result in a redistribution of budget, even without any change in the overall level of the school budget. The headlines, based on updated data sources and 2019/20 pay prices, are:
- An increase in the total school budget<sup>1</sup> for FY1920 of £978k over and above footnote 1, to reflect the minimum cost of current educational provision in Powys is required. The proposed overall schools delegated budget is £70.48m whereas the requirement is £71.46m
  - A movement of £3.41m from targeted ALN allocations into inclusive core provision

#### **6. Corporate Improvement Plan**

- 6.1 The review of the formula is in line with the Corporate Improvement Plan

#### **7. Local Member(s)**

- 7.1 This paper affects all areas of the education community across the county.

#### **8. Other Front Line Services**

- 8.1 The recommendation does not impact on other services run by the Council or on behalf of the Council?

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<sup>1</sup> The proposed overall schools delegated budget for FY1920 includes the additional £1m funding and the pay award funding included within the provisional settlement.

**9. Communications**

9.1 [DN: relating to the management of the consultation process]

**10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal

- [DN: relating to the compliance with regulations]

10.2 Finance: The School Finance Manager supports the implementation of a clear funding formula as an essential prerequisite for enforcing compliance with the Scheme for Financial Schools.

10.3 Corporate Property

- [DN: relating to reasonable levels of property maintenance]

10.4 HR

- [DN: relating to implementation timescales]

10.5 ICT – not relevant?

**11. Scrutiny**

11.1 The report has been scrutinised on 13 December 2018. The Scrutiny Committee has provided the following comments:

- .....

11.2 The changes made since the date of Scrutiny and details of recommendations that have been accepted or rejected are noted below:

- .....

**12. Data Protection**

12.1 The proposal does not involve the processing of personal data

**13. Statutory Officers**

13.1 Financial impact

- .....

13.2 Monitoring Officer

- .....

**14. Members' Interests**

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

**15. Future Status of the Report**

15.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

15.2 The view of the Monitoring Officer is that.....

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
To implement the new school funding formula as set out in Appendix A from April 2019	To demonstrate the fair and transparent resourcing of agreed educational policy
To phase implementation over two financial years, prioritising underfunded schools	To ensure underfunded schools are funded for a minimum education and that changes are reasonable for all schools
To maintain the link between educational policy and budget in circumstances where policy, budget or cost change through annual review	To ensure the integrity of the funding formula is maintained

<b>Relevant Policy (ies):</b>	<b>Scheme for Financing of Schools</b>		
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>N</b>

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>Cabinet</b>
<b>Date By When Decision To Be Implemented:</b>	<b>Within budget timeframes for FY1920 implementation</b>

<b>Is a review of the impact of the decision required?</b>	<b>Y / N</b>
<b>If yes, date of review</b>	
<b>Person responsible for the review</b>	
<b>Date review to be presented to Portfolio Holder/ Cabinet for information or further action</b>	

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**Background Papers used to prepare Report:** all reports to the Formula Review Group

CABINET REPORT TEMPLATE VERSION 6

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**Appendix A1 – Proposed Powys School Funding Formula – Primary**

**Attached**

**Appendix A2 – Proposed Powys School Funding Formula – Secondary**

**Attached**

## **Appendix B**

### **Potential policy changes that will help to produce a more efficient and effective service (spend to save options):**

- School procurement strategy, which could be linked to a consensus around some reduced delegation
- Workforce strategy - to increase the number of HLTAs and alter the age and experience profile amongst the teaching workforce (lower the average teacher cost)
- digital learning - especially the potential to connect pupils in one school and teachers in another without transport requirements
- collaborative administration, linked to shared services, PCC SLAs etc)
- investment in preventative and early help services for vulnerable children and BESD learners
- increase in bilingual teachers and in bilingual teaching techniques (reducing the cost of bilingual provision through reduced reliance on dual stream)
- invest in improved energy efficiency or building condition (reduction in formula cost/funding for schools)
- school organisation changes

# Analysis of Powys School Fair Funding Formula Primary

## Pupil Numbers

Pupil counting date is the Friday in the first week following the October Half Term.

The numbers on roll in all years are used to calculate funding for Reception to Years 6

Curriculum Lead Funding Streams Core Block 1	
Teachers	<p>A school has a minimum of 1.5FTE teachers, 0.3FTE for Management time with an additional leadership and Management capacity of 10% as a minimum. 10% is also awarded PPA is funded</p> <p>Number of classes are then calculated on a stepped approach of 30 per class based on the pupils on the pupil count date.</p> <p>An average teacher cost for each school is calculated and used to fund the notional number of Teachers to be funded in each school as per the basis above.</p> <p>and 10% PPA on contact time (funded at Grade 7).</p>
Admin Support	<p>Minimum funding of 0.4FTE (37hrs, term time only Grade 4 mid-range), then 0.1 per additional class.</p>
Teaching Assistants	<p>Minimum funding of 1FTE (32.5hrs, term time only, Grade 4 mid-range) then 0.5FTE per class.</p>
Mid-day supervisors	<p>Funded 1 x 1hr post per 30 foundation pupils and 75 KS2 pupils (Grade 3 mid-point, term time only).</p>
Additional Learning Needs Coordinator (ALNCO)	<p>Funded 0.1FTE teacher up to 100 pupils. Then an additional 0.1FTE per every 100 pupils thereafter (funded at AVTC rate).</p>
Capitation	<p>Lump sum of £1500 Pupil led element £52</p>
SLAs / core package	<p>All corporate SLAs with schools delegated (Finance, HR, employment services and BPU) are funded in line with the exact charge that is levied for the enhanced offering.</p>
ALN Block 2	

ALN Allowance	<p>Split over all schools using a basket of proxy indicators.</p> <p>Indicators</p> <ul style="list-style-type: none"> <li>• 10% Pupil numbers</li> <li>• 20% Number of pupils not achieving core subject indicators at KS2.</li> <li>• 20% Free school meal entitlement</li> <li>• 5% number of pupils scoring under 75 on CAT's in year 4</li> <li>• 35% ALN weighted units (relating to numbers of pupils on school action plus)</li> <li>• 10% Welsh Government Standard reading test results in Y2 and Y4.</li> </ul>
<b>Property Block 3</b>	
All premises costs excluding Rates and Statutory testing	<p>A sum of £38 per Square metre for Premises costs.</p> <p>Plus, a % uplift depending on the following Category that the school has for building, energy and Cleaning.</p> <ul style="list-style-type: none"> <li>• A = 0%</li> <li>• B = 1%</li> <li>• C = 2%</li> <li>• D = 3%</li> </ul> <p>A Sum of £3 per square metre for Ground costs.</p> <p>Halls will be funded on actual costs incurred in previous 12 months, but will be assessed by property to show best value.</p>
Rates, Statutory Testing and Premises Insurance	The school is funded the exact charge it is levied.
<b>Block 4</b>	
<b>Split Site</b>	<p>Split Site schools are funded as two separate sites for all elements of the funding formula except for the following adjustments</p> <ul style="list-style-type: none"> <li>• Funded as a single school for Admin</li> <li>• Funded as a single school for ALNCO</li> </ul>
<b>Dual Stream</b>	<p>Funded as one single stream for all elements of the funding formula except for the following additions</p> <ul style="list-style-type: none"> <li>• Teacher &amp; Teaching assistant (pupil led) funding – run as two streams.</li> </ul>
<b>All through School</b>	<p>Funded as two separate schools except for the following adjustments</p> <ul style="list-style-type: none"> <li>• Removed the minimum 0.3 Leadership capacity (primary formula)</li> </ul>

	<ul style="list-style-type: none"><li>• ALENCO as one school</li></ul>

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## Analysis of Powys School Fair Funding Formula Secondary

### Pupil Numbers

Pupil counting date is the Friday in the first week following the October Half Term.

The numbers on roll in all years are used to calculate funding years 7 to 11.

Listed below is the method used to allocate funding to all schools for Pre 16 provision:

Curriculum Lead Funding Streams Core Block 1	
Teachers	<p>Average Teacher cost (AVTC) is calculated as follows</p> $\frac{\text{Total cost of teaching staff for sector (Inc. leadership)}}{\text{Total FTE for sector (Inc. leadership)}}$ <p>This rate is then used to fund the number of teachers needed in the school based on pupil numbers and ratios listed below in-line with minimum curriculum delivery which results in a contact ratio of 0.83 in line with Primary sector.</p> <ul style="list-style-type: none"> <li>• KS3 – first class funded at 1:15 pupils then each subsequent class funded 1:30 pupils (with the exception of Design and Technology being 1:20 and Science being 1:25), per year group.</li> <li>• KS4 – first class funded at 1:15 pupils then each subsequent class funded 1:25 pupils in each year.</li> </ul>
Admin Support	<ul style="list-style-type: none"> <li>• All schools are funded for 1 Business Manager 37hrs term time only (mid-Point Grade 12).</li> <li>• All schools up to 100 pupils are funded for 1.3fte (37hrs, term time only) admin posts as a minimum, with an additional 0.65fte per every 100 pupils (Grade 4 mid-point) thereafter.</li> </ul>
Educational Support Staff (i.e. Technicians)	<ul style="list-style-type: none"> <li>• Minimum funding for 3 posts (mid-point, Grade 5, 32.5hrs) up to 400 pupils then 0.25fte per 100 pupils thereafter.</li> </ul>
Teaching Assistants	<p>Minimum funding up to 200</p> <ul style="list-style-type: none"> <li>• 1 Grade 7, mid-point (32.5hrs term time only)</li> <li>• 1 Grade 6, mid-point (32.5hrs term time only)</li> <li>• 1 Grade 4, mid-point (25hrs term time only). With a further 1 x 25hr additional post per 100 pupils.</li> </ul>

Additional Learning Needs Coordinator (ALNCO)	Funded 0.1FTE teacher up to 100 pupils. Then an additional 0.1FTE per every 100 pupils thereafter (funded at AVTC rate).
Mid-Day Supervisors	Funded 1 x 1hr post per 200 pupils (Grade 3 mid-point, term time only).
Capitation	150 per pupil
Free School Meals	Funded at £2.30 per FSM pupil
Examination fees	£532 per Y11 Pupil (invigilator's come under Admin)
Employee Insurance (corporate)	The school is funded the exact charge it is levied.
SLAs / core package	All corporate SLAs with schools delegated (Finance, HR, employment services and BPU) are funded in line with the exact charge that is levied for the enhanced offering.
<b>ALN Block 2</b>	
	Split over all schools using a basket of proxy indicators.  Indicators <ul style="list-style-type: none"> <li>• 33.34% number of pupils scoring under 82 on CAT's</li> <li>• 33.33% Free school meal entitlement</li> <li>• 33.33% Welsh Index of Multiple Deprivation</li> </ul>
<b>Property Block 3</b>	
All premises costs excluding Rates and Statutory testing	A sum of £32 per Square metre for Premises costs.  Plus a % uplift depending on the following Category that the school has for building, energy and Cleaning. <ul style="list-style-type: none"> <li>• A = 0%</li> <li>• B = 1%</li> <li>• C = 2%</li> <li>• D = 3%</li> </ul> A Sum of £2 per square metre for Ground costs
Rates, Statutory Testing and Premises Insurance	The school is funded the exact charge it is levied.
<b>Block 4</b>	
<b>Split Site</b>	Split Site schools are funded as two separate sites for all elements of the funding formula except for the following adjustments

	<ul style="list-style-type: none"> <li>• Funded as a single school for Admin</li> <li>• Funded as a single school for ALNCO</li> </ul>
<b>Dual Stream</b>	<p>Funded as one single stream for all elements of the funding formula except for the following additions</p> <ul style="list-style-type: none"> <li>• Teacher &amp; Teaching assistant (pupil led) funding – run as two streams with the welsh being based on 50% or 80% of the pupils depending on current levels of delivery.</li> </ul>
<b>All Through School</b>	<p>Funded as two separate schools except for the following adjustments</p> <ul style="list-style-type: none"> <li>• Removed the minimum 0.3 Leadership capacity (primary formula)</li> <li>• ALENCO one school</li> </ul>

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